

PUBLIC WORKS COMMITTEE

DATE: August 16, 2007

CALLED TO ORDER: 5:02 p.m.

ADJOURNED: 7:45 p.m.

ATTENDANCE

ATTENDING MEMBERS

Lonnell Conley, Chairman
Ginny Cain
Scott Keller
Dane Mahern
Angela Mansfield
Mary Moriarty Adams
Ryan Vaughn

ABSENT MEMBERS

Patrice Abdullallah
Mike Speedy

AGENDA

PROPOSAL NO. 310, 2007 - approves an increase of \$1,650,000 in the 2007 Budget of the Department of Public Works, Indianapolis Fleet Services Division (Consolidated County Fund) to purchase 66 police cars for use by the Indianapolis Metropolitan Police Department, financed by a transfer of cash from the Redevelopment TIF Revenue Bonds Fund
"Strike" Vote 5-0

PROPOSAL NO. 333, 2007 - approves the issuance of Indiana Waterworks District Revenue Bonds not to exceed \$125,000,000 to fund various water-related projects throughout Marion County
"Do Pass" Vote 6-0

BUDGET HEARING

Controller Overview
Department of Public Works

PUBLIC WORKS COMMITTEE

The Public Works Committee of the City-County Council met on Thursday, August 16, 2007. Chair Lonnell Conley called the meeting to order at 5:02 p.m. with the following members present: Ginny Cain, Scott Keller, Dane Mahern, and Ryan Vaughn. Angela Mansfield and Mary Moriarty Adams arrived shortly thereafter. Absent were Patrice Abdullah and Mike Speedy. Representing Council staff was Bart Brown, Chief Financial Officer.

PROPOSAL NO. 310, 2007 - approves an increase of \$1,650,000 in the 2007 Budget of the Department of Public Works, Indianapolis Fleet Services Division (Consolidated County Fund) to purchase 66 police cars for use by the Indianapolis Metropolitan Police Department, financed by a transfer of cash from the Redevelopment TIF Revenue Bonds Fund

Chair Conley said that Proposal No. 310, 2007 was sent back to the Committee because other revenues were found to purchase the vehicles.

Councillor Mahern moved, seconded by Councillor Cain, to “Strike” Proposal No. 310, 2007. The motion carried by a vote of 5-0.

[Clerk’s note: Councillor Mansfield arrived at this time, 5:05 p.m.]

PROPOSAL NO. 333, 2007 - approves the issuance of Indiana Waterworks District Revenue Bonds not to exceed \$125,000,000 to fund various water-related projects throughout Marion County

Barbara Lawrence, Executive Director, Indianapolis Bond Bank, introduced Mike Borchers, Assistant Director, Department of Waterworks (DOW), and distributed a handout (attached as Exhibit A) detailing the presentation. Mr. Borchers discussed slides three and four of the presentation. He said that the graphs on slide four show the level of funding historically and what is proposed over the next couple of years. He also stated that DOW went before the Indiana Utility Regulatory Commission (IURC) last year and early this year for a rate increase, which resulted in an approximately 28% increase across the board for waterworks. Mr. Borchers said that part of the rate increase that was contemplated was the issuance of bonds to finance capital improvement programs (CIPs). He said that the list of projects contemplated by the department for use by the requested bond is included in another handout (attached as Exhibit B).

Ms. Lawrence discussed slides six through twelve of the presentation. She said that there is a new base structure in place that was implemented earlier this year, which is the repayment stream that was pledged for repayment of the bonds that will be issued. Ms. Lawrence explained slides seven and eight and discussed the following key points:

- The Level Debt Service through 2042 takes the \$125,000,000 and amortizes it as a leveled debt service over the time period of the present until 2042
 - The Base Case is traditional bonds in which traditional fixed-rate bonds will be issued with a possible 10-year call provision. This means that the refunding process can be initiated in a time frame of around 10 years.

- A Non-Callable Bond is similar to a traditional bond except there is no call provision or a much longer call provision. It tends to have a lower interest rate, but there are some risks associated.
- “Index Floaters” is essentially a variable rate, such as an auction rate weekly bond, that is tied to some index such as the London Interbank Offered Rate (LIBOR) or the Treasury.
- “SIFMA Swap” is when a variable rate instrument is issued, but there is a counterparty that exchanges interest rates with the Bond Bank as a way to level out debt service.
 - Would be for the term of the bond issue either through 2038 or 2042
- Callable 15-year SIFMA Swap is essentially the same as the SIFMA Swap but allows the City to exit the swap at the end of 15 years to enter into a new swap, issue fixed-rate bonds, or use other options to meet capital needs.
- The Level Debt Service with 2038 Balloon Payment reflects a situation where there is a balloon payment in 2038 of a larger payment amount of level debt service that would result in interest expense savings from the period of 2038 to 2042 due to shortening the term of the bond.
 - The same sets of scenarios are an option.
 - As the Bond Bank moves forward with the transaction, a number of factors will be contemplated before a decision is made. The factors include:
 - Interest rates –which scenario under which variation will provide the best interest rate and offer the best cost of capital for the DOW?
 - Risk – some of the scenarios pose an interest rate risk. For example, variable interest rates can be re-priced on a weekly or monthly basis, and if the interest rate increases, the amount of interest rate on the outstanding debt will also increase.
 - The advantage of a traditional bond is that the interest rate stays the same over the life of the obligation and there is no risk of interest rate escalation.
 - Overall debt portfolio – there is a substantial amount of outstanding debt for DOW, and there needs to be a good mix of fixed-rate bonds, variable-rate bonds, and auction rates, so that it is a well-rounded portfolio.
 - The rating agencies’ opinion of the proposed structure – Higher rating is better for the City and enables the ability to obtain lower interest rates.
 - What the market wants will be taken into account.

Ms. Lawrence stated the proposed new money transaction will have little effect on the DOW’s Capital Debt Structure and that slide nine illustrates outstanding Series, outstanding Par amounts, descriptions, and a graph of the overall portfolio. She said that the portfolio will not be impacted no matter which scenario is chosen, the 2038 or the 2042. Ms. Lawrence reiterated that slide ten explains that the Waterworks bonds will not be repaid by property tax revenues and are solely secured by net revenues of the Waterworks and certain pledge funds. She said that the Bond Bank hopes to close on the bonds by late September or early October, 2007.

Councillor Mansfield asked if Exhibit B can include which council districts will be affected by the projects. Ms. Lawrence answered that the information can be provided and stated that there is also a Master Capital Plan that is regularly updated with new projects, phases of current projects, and completed projects. Mr. Borchers stated that many of the projects may impact multiple council districts.

Councillor Keller said that he believes that this is something that needs to be done to ensure good water service. Glenn Pratt, citizen, said that he believes that the types of things that the City is doing are good, but he believes that one of the problems is that water is too inexpensive. He said that he is pleased that the Department of Public Works (DPW) and the Waterworks Board are working together to try to take care of the sewer problems, drainage problems, and the water supply where possible.

Councillor Mansfield moved, seconded by Councillor Keller, to forward Proposal No. 333, 2007 to the full Council with a "Do Pass" recommendation. The motion carried by a vote of 6-0.

[Clerk's note: Councillor Moriarty Adams arrived at this time, 5:27 p.m.]

BUDGET HEARING

Director's Overview, Kumar Menon (Department of Public Works, City Budget Book, pgs. 1-23)

[Clerk's note: The Department of Public Works (DPW's) presentation is attached as Exhibit C.]

Kumar Menon, Director, DPW, discussed slides two through nineteen of Exhibit C. He said that he is most proud of a team that is determined to get things done. Nothing is done by one or two people, but it takes a team of dedicated and talented employees. Mr. Menon acknowledged and thanked:

- Mike Williams - DPW's Chief Financial Officer (CFO) who has worked with the City for 28 years
- Mickey Rogers - the Council Liaison, Board Liaison who does all of the legislative things
- Carlton Ray – DPW Engineer who manages the Capital Programs on the dry side and on the wet side
- Tim Method – Environment Policy Coordinator and Stormwater Manager who is one of the best people to have running programs in the City. He has been single-handedly running the Advanced Wastewater Treatment (AWT) Facilities contract process.
- Pat Carroll – Fleet Services Deputy and handles DPW's facilities, buildings and grounds.
- Paul Whitmore – Public Relations Officer
- Pat Holdsworth – Chief Operations Officer for DPW who handles snow calls in the middle of the night
- Steve Quick – President of American Federation of State, County, and Municipal Employees (AFSCME) Local 725
- Randy Bolt - President of AFSCME for the Fleet Services Division
- Victoria Cluck - handles the Strategic Planning
- Darrell Fishel - handles the Business Services
- John Workman - the new Streets Administrator
- Brian Lawrence and Anthony McDaniel get things done in the streets
- Felicia Robinson – an Administrator for Environmental Services
- Rick Winningham - one of the Fleet Managers
- Nathan Sheets – Senior Project Manager
- Mike Smith - Construction Administrator
- Bob Masbaum - Wet side Administrator
- Larry Jones - Complications Administrator

Mr. Menon said that DPW tries to ensure that everything falls within the three goals of economics, education, and environment. In reference to slide seven, Mr. Menon said that the Mayor asked DPW to come up with some budget savings, and DPW has found money to put back into fund balances every year. He said that this year was a little more difficult because of previous cuts, but DPW was still able to find ways to cut and will continue to look for more ways to save money or spend less. Mr. Menon said that slide five lists savings that DPW was able to come up with, including some ongoing cost-cutting processes. He said that so far DPW has come up with a little over \$6 million in savings.

Councillor Mansfield asked what the impact will be on the services that citizens receive. She said that for example, sewer cleaning is really important in some neighborhoods to prevent sewage backup. Mr. Menon answered that DPW will continue doing services, but some of them will simply be delayed. He said that DPW will make some sacrifices where they can, but not at the cost of compromising services to the citizens. He said that there will not be any permanent discontinuations.

Mr. Menon said that \$6.05 million in savings is just the beginning of DPW's number of accomplishments. He said that environment is one of DPW's focuses, and they are reaching out more to the community about the benefits of recycling. Mr. Menon said that Indianapolis does not have as strong a recycling program as he would like, so DPW is providing recycling services at special events around the City, such as the Jazz Festival and the races. He said that DPW also works with the schools, and is going to be working with the Convention Center, the Airport, and any large agency that they can get involved in a recycling program. He said that the picture on slide six is of some of the cans that were collected at the Allstate 400 at the Brickyard.

Mr. Menon said slide seven includes a picture of a ditch with hundreds of volunteers, including people from neighborhood associations, who spent two or three days cleaning up the area. Councillor Mahern thanked DPW for their contributions. He said that he was a part of this particular clean-up and the people of the neighborhood feel more positive about their neighborhood and the City. It took a lot of work and dedication from people within the community and the City. Mr. Menon said that this is one example of several neighborhood cleanups that DPW does on evenings and weekends. He said that DPW believes that keeping the City clean is one of their primary functions.

In reference to slide eight, Mr. Menon said that DPW expanded its ToxDrop program to increase the disposal amount of toxic or hazardous materials that is generated in homes. He said that the program involves properly disposing of toxic chemicals such as paints, cleaners, chemicals, and bleach by environmentally-friendly practices.

Mr. Menon said that slide nine includes a picture of East 38th Street, as a part of the 38th Street Gateway project. He said that it took three years to complete and has driven a lot of economic development. New stores open almost every week, and several fast food restaurants and gas stations have also been developed. Mr. Menon said that DPW also works to ensure that Indianapolis is an accessible, inclusive city. He said that curbs and sidewalks need to be ADA accessible, the streets need to be as smooth as possible, and the lighting needs to be as bright as possible to make sure that people can access the services needed.

Mr. Menon said that DPW continues with floodwater and stormwater projects. There are several going on now, and there will be several more in the future, as flood issues are an ongoing problem in some parts of the city. He said that DPW also hosts the Minority Business Enterprise (MBE)/Women Business Enterprise (WBE) program breakfast every quarter. Mr. Menon said that DPW has one of the

best MBE/WBE partnerships in the City that is recognized nationally. He said that the breakfast allows companies to build business relationships personally.

Mr. Menon said that DPW supports Public Safety by keeping alleys clean, making sure that roads are traversable and making sure that traffic lights and the opticon systems that the Fire Department uses are functional. He said that for the first time in approximately 25 to 30 years, the City has installed 100 new street lights based on Public Safety statistics and has repaved alleys. As part of DPW's internal process modification, they look at what can be done to perform faster, better and cheaper. If bid packages for the resurfacing curb and sidewalk programs are put out earlier, responses will be better and more bidders will respond. Mr. Menon said that he cannot be more proud of the DPW staff on working to clear snow from city streets and neighborhoods, as this winter was the fourth coldest winter, and February was the third snowiest February in the history of Indiana. He said that coincidentally, the AFC Championship game was in Indianapolis around the same time, and the DPW staff was able to make travel possible. Chair Conley acknowledged the DPW staff for a fantastic job.

Mr. Menon said that slide 12 lists some of the awards that DPW has received for some of its capital and operational projects. He said that DPW gets awarded statewide and nationally for their accomplishments every year.

Mr. Menon said that slide 13 includes pictures of alley resurfacing that was done on the morning of August 16, 2007. He said that DPW has acquired a new machine named the "Zipper", which is a cost-saving tool. Until now, each time any work needed to be done in an alley, tons of asphalt had to be hauled away to the landfill. This resulted in associated trucking costs and disposal costs. He said that the Zipper grinds up the asphalt, reuses it, and puts it down as a bed, and then DPW puts more topping on it to resurface the alley. This makes the asphalt available for another three to five years of use without worrying about potholes or crumbling.

Mr. Menon said that one of DPW's key things is to reach out and connect with students of all school levels as part of their education goal. He said that DPW's outreach programs are well-recognized, and they have received some rewards for some of the programs. He said that there are so many things that the department does to involve kids, and the kids love to see trucks outside of their schools. DPW also offers internship opportunities with many different programs.

Mr. Menon said that slide 16 is a listing of some of the partners that DPW works with on a daily, weekly or monthly basis. He added that DPW also works with the Department of Finance and Management. Slide 17 is a list of unfunded or under-funded programs that DPW will continue focusing on as part of its ongoing CIPs, maintenance improvement programs, and quarterly programs. He said that the highlighted programs are ones that he feels are critical to DPW, and they will continue to find as many resources as possible to complete the tasks. Mr. Menon said that it is known that the curbs and sidewalks program is greatly under-funded, and more revenues need to be sought. He said that DPW is looking at outside funding for the programs listed, such as federal, state, and grant funding.

Mr. Menon said that slides 19 and 20 list the department's 2008 goals, which are a continuation of their value and mission statements.

Engineering (Department of Public Works, pgs. 11-14)

Carlton Ray, Deputy Director, DPW Engineering, said that Engineering has been working on a large capital program over the last few years. He said that the majority of that work is tied to the 20-year long-term control plan that DPW signed, along with the US Environmental Protection Agency (EPA) and the Indiana Department of Environmental Management (IDEM) last year. Mr. Ray discussed slides 21 through 23 of Exhibit C. He said that the Pogues Run project was one of the first that the Engineering Division completed. Next year, construction will begin on a new interplant sewer, which is a seven-mile sewer that will be placed between DPW's two treatment plants and will shove flow from both of the plants. That project is estimated to cost approximately \$100 million.

In reference to slide 22, Mr. Ray said that the Mayor and DPW have worked really hard on the Septic Tank Elimination Program (STEP) for the last several years. He said there used to be a Barrett Law Financing Program to finance people converting from septic systems to sanitary sewers, but this was a very expensive and extensive process for people. DPW has reduced the cost to \$2,500 per connection fee and has reduced the time frame from a 60-year program to the same time frame as the long-term control plan. Mr. Ray said that there are currently about 30,000 homes in the city that are on septic systems, and a number of them are failing. He said that DPW wants to get those that are failing converted to sanitary sewers as quickly as possible.

Mr. Ray said in addition to the wastewater collection system and the AWT, DPW is currently expanding a secondary treatment capacity of the Belmont Facility, from approximately 120 **mgd** to 300 mgd. He said that there is a lot of sewage that gets to the Belmont Facility, but that sewage cannot be properly treated. He said that the expansion will allow more sewage to be pulled into the facility and properly treated with the expansion, or secondary treatment plant, or with a trickling filter. Mr. Ray said that DPW has been working with IDEM and EPA on this project, which is also estimated at approximately \$100 million. He said that the first phase of the expansion is in construction, and there will be two more phases, with the second beginning around the first of the year.

Mr. Ray said since the stormwater utility was implemented in 2001, DPW began implementing and designing a number of stormwater and drainage projects throughout the city and the county. He said that approximately 350 projects and about \$300 million worth of work has been identified. Currently, DPW is working on about \$38 million worth of projects. He said that one project that is currently and continuously being worked on for flood control is the Indy North Project. DPW is working with a core of engineers to connect from College Avenue to Westfield Boulevard. Eventually, a levy will be built from Kessler Boulevard to Butler University, which will result in 1,300 homeowners and businesses no longer having to pay for flood insurance.

Mr. Ray said that DPW is willing to go out and talk with residents about its programs, as the participation of the residents is needed to help make the projects and programs successful.

In reference to slide 23, Mr. Ray said that DPW is currently supporting the NPO on their light rail initiative of looking at various routes and alternatives for light rails, particularly in the northeast corridor. He said that when projects are developed, DPW looks at ways that a covered bus stop on a sidewalk can be incorporated, which also coincides with their sidewalk efforts. Mr. Ray said that DPW is also working with the Department of Metropolitan Development (DMD) on a large storm sewer project that will be installed from the Pogues Run box to the eastside, Ohio Street toward Rural Street, and also reducing the surcharge and the sewer back-up that residents of the eastside are experiencing. In addition, DPW is working closely with DMD on their initiative of resurfacing and

restoring sidewalks in that area. Mr. Ray said that this program cost is estimated at approximately \$10 million.

Mr. Ray said that the Alabama phase of the Cultural Trail construction will be finished this Fall, and the plantings will take place in the Spring. He said that the next couple of phases involve building the pedestrian and bicycle facilities up to 10th Street and the Monon and coming across North Street and Walnut Street over to the Madame Walker Theatre. Mr. Ray said that DPW has been working very closely with private partners. He thanked Gene and Marilyn Glick for providing \$15 million for this project.

Mr. Ray said that DPW is moving forward on the Market Street ramp, which involves removing the ramp on Market Street and adding two new ramps, of which one will exit from I-465 to Washington Street and one will be an on-ramp from Washington Street to southbound I-465.

Councillor Moriarty Adams complimented and thanked the DPW staff for helping with curbs and sidewalks in her district (District 17).

Councillor Keller said that there are very old curbs and sidewalks in his district (District 16), yet there are other areas that are receiving resurfaced or reconstructed curbs and sidewalks. He asked what the engineering criteria is with regard to prioritizing which areas receive the services. Mr. Ray said that there is a great need for curbs and sidewalks and not a lot of resources, and DPW tries to prioritize the funding. He said that between \$50 and \$100 million worth of backlog is estimated for curbs and sidewalks throughout the county, and only about \$3 million in funding is available. He said that the projects are prioritized based on several different criteria, including age, usage, disability issues, school issues, and church issues. He said that DPW tries to stretch the funds as much as possible to everyone. Mr. Ray said that if a constituent has an issue, they should call DPW, and an investigation of the area will be done to assess the problem.

Councillor Mansfield thanked DPW for attending evening neighborhood meetings and other special meetings. She said with regard to accessibility for persons with disabilities, her neighborhoods do not have sidewalks, and she would like to see that be changed in the near future for safety reasons. She said that there are a number of businesses on Michigan Road and there are a number of apartments for people with disabilities. She said that she would also like to see sidewalks put in on Ditch Road. Mr. Ray said that a planning study for sidewalks down Michigan Road is currently being developed. He said that it will be a difficult project because of the need to acquire land from homeowners to put in the sidewalks, but DPW is looking into it and hoping to get that done in the near future.

Indianapolis Fleet Services (Department of Public Works, pgs.19-22)

Pat Carroll, Deputy, DPW Fleet Services, said that Indianapolis Fleet Services (IFS) ended 2006 with 2,880 remaining vehicles for the fleet. He said that January, 2007 was started with 3,450 vehicles due to the Marion County Sheriff's Department and the Washington Township Fire Department's consolidation with DPW and IFS. In addition, IFS picked up the Warren Township Fire Department Fleet in July, 2007. Mr. Carroll said that this increased the fleet to 3,475 vehicles as of July. He said that the biweekly employees increased from 14 to 16, and the weekly or union employees increased to 88. Mr. Carroll said that IFS recently picked up responsibility for city and county-wide fleet management, which has resulted in a combined city and county fleet of approximately 3,900 vehicles.

Mr. Carroll discussed slides 24 and 25 of Exhibit C. In reference to slide 25, Mr. Carroll said that IFS contributes to the environmental goal by possessing over 200 Ethanol 85 (E-85) capable vehicles and two city fuel stations that dispense ethanol, and hopes to have a third one constructed by the end of 2007. In 2006, IFS used approximately 138,000 gallons of ethanol fuel. He said that IFS also started using B-20, which is a diesel fuel mixture generally of 20% soy, vegetable-based fuel mixed with 80% diesel. He said that IFS only used about 12,000 gallons of the B-20 last year, but hopes to use more because the prices were more competitive during the last six months of the year. Mr. Carroll said that IFS also contributed environmentally by outfitting about 270 IFS vehicles, along with other agency vehicles, with diesel observation catalysts or a much cleaner influx system. He said that IFS is looking to purchase 31 alternative fuel vehicles and is putting in a request for a grant in the near future to request 20 hybrid vehicles.

Mr. Carroll said that educationally, IFS will place a lot of emphasis on preventive maintenance, especially for police vehicles, which will have preventive maintenance and safety checks performed every 3,500 miles. He said that this is one reason that the vehicles are lasting longer. He said that IFS recently took responsibility for ambulances, and training has been provided.

Mr. Carroll said that economically, it has become difficult for IFS to maintain the fleet at 95% for the overall fleet and 98% for the public safety fleet. As the fleet ages and more miles are put on the vehicles, there are a lot more repairs, and the repairs are becoming more expensive. Mr. Carroll said that Character 02 has gone up considerably as a result of more vehicles needing repair. He said that Character 02 also reflects that IFS has worked with the Office of Finance and Management (OFM) and the Bond Bank to address the fact that fuel fluctuations have become a big issue over the last few years. He said, as a result, the Bond Bank is hedging a portion of IFS's fuel purchases and providing them with some additional protection against fuel prices rising above a certain level. Mr. Carroll said that IFS uses about 370,000 gallons of fuel per month at an average of about \$2.29 per gallon, which is nine cents more per gallon than their budgeted amount. He said that the fuel varied in 2007 from \$1.78 to \$2.67 per gallon. He said that IFS's fuel budget for 2008 is at \$2.35 per gallon. Mr. Carroll said that the budget also reflects that the fuel increase results in an additional \$570,000 for unleaded, diesel, ethanol, B-20, and other fuel products and lubricants out of Character 02. He said that Character 03 shows an increase because, as the fleet size increases, some of the outside work for transmissions, towing services and suspensions also increases. Mr. Carroll said that Character 04 reflects an increase because there was a request to replace one 1992 van and one 1997 van that are used for parts runs and roadside activities. He said that IFS expects 2008 to be a challenging year because there is a larger, aging fleet, fluctuating fuel prices and the need to work within a tight budget, along with the possibility of having to add prior department apparatus.

Councillor Cain asked if IFS is looking at possibly eliminating take-home, city-owned cars and using alternative options such as mileage reimbursement. Mr. Carroll answered that IFS hopes to go before the Council to change the take-home policy and to add stricter guidelines. There are presently 231 take-home vehicles, and he believes that a policy change will considerably reduce that number and provide an opportunity to suggest other alternatives.

Councillor Mahern commended IFS and OFM for budgeting closer to what was actually spent for fuel. He said that he would rather see an increase in the original budget request, because it is more difficult to come to request more money or transfer the money from one line item to another. Mr. Carroll said that the numbers are closer than they have been in the past, but he suspects having to return for additional repair parts and fuel money.

Councillor Vaughn asked if there are any city or county-owned vehicles that are not included in Fleet Services. Mr. Carroll answered that all of the city vehicles are maintained by IFS, but all of the county vehicles are not maintained by IFS yet, because there is not an accurate count of the amount of county vehicles. Councillor Vaughn asked if vehicles of township fire departments that have not consolidated will be included in IFS's fleet. Mr. Carroll answered in the negative and stated that IFS occasionally performs services on those departments that have not consolidated if IFS's services are requested. Robert Clifford, City Controller, said that he believes that some of the other township officials or governments actually buy fuel through IFS, but reimburse IFS for the cost. Mr. Clifford said that it looks as though IFS will exceed its budget for fuel costs for 2007, but a consultant is working with the Bond Bank on fuel hedges and believes that the prices for fuel may come down, allowing IFS to lock in lower fuel prices and maintain its budget amount for 2007. He said that it is also likely that a fuel price will be locked in for 2008 in the next month or two, depending on pricing, so that IFS will not exceed the budgeted 2008 amount. Mr. Clifford thanked Councillor Keller for initiating the examination of fuel hedging.

Councillor Mahern applauded IFS for the things that they have done to address environmental issues. He said that he is excited that IFS is moving toward the future with hybrid vehicles, because the better the air quality, the more attractive it is to bring in more economic development.

Operations (Department of Public Works, pgs. 15-18)

Pat Holdsworth, Chief Operations Officer, DPW, and Tim Method, Environmental Coordinator, DPW, discussed slides 26-28 of Exhibit C. Mr. Holdsworth said that Operations could not obtain their level of urgency without their partnership with Steve Quick, President of AFSCME Local 725.

In reference to slide 27, Mr. Method said that Operations will be operating under a new agreement with their contract operator for the wastewater treatment plant and collection systems next year. He said that the current contract expires at the end of 2007. Under the new agreement, Operations filled in a number of performance guarantees, measures and an incentive-based agreement that will improve the department's operations, resulting in cleaner water, fewer overflows into the streams and rivers, less odors across the collection system and into facilities, and the ability to provide additional services. Mr. Method said that Operations is looking to increase the amount of larger sewer diameter cleanings next year, which is why the department feels that those services can be slightly cut back on this year.

Mr. Method said that after rain events, some overflow happens in the sanitary systems due to blockages or grease-related problems, and the department wants to address those issues so that they will not be recurring problems. Mr. Method added that their Crack Connect Program is aimed at working with homeowners and businesses that may have a downspout or sump pump directly connected to the sewer system, in an effort to decrease the amount of clean water in the wastewater collection system. He said that Operations worked with Waterworks this year to look at 20,000 houses on the eastside where there is a channeling system during the rain. Less than 1,000 homes or businesses were identified as possibly having an improper connection.

Mr. Holdsworth said that the fourth bullet point on slide 27 reflects that Operations is improving its response time to within five hours when replying to solid waste complaints, abandoned vehicles, tires, appliances, Freon and other material complaints. Mr. Holdsworth said that complaints have decreased significantly since 2003.

Councillor Cain asked who is responsible for dead animals. Mr. Holdsworth answered that he is the person to call.

Mr. Holdsworth said in an environmental effort, DPW resurfaces alleys with the Asphalt Zipper. With the Zipper, the asphalt is recycled by grinding it up, putting it back down and spraying it with a liquid that rejuvenates and bonds the materials back together. He said that DPW should not have to do anything additional to that alley for three to five years. He said that Operations is trying to put a program together where the alleys will automatically be resurfaced again in four to six years. Mr. Holdsworth said that since the program is still new, they are still examining the possibilities and time options. He said that the Zipper is a fantastic piece of equipment and he thanked Ryan Lawrence for finding it for DPW.

Councillor Keller asked how much faster alleys get resurfaced by using the Zipper. Mr. Holdsworth answered that it is six times faster. Councillor Keller said that is very cost efficient, though the machine costs approximately \$110,000. Mr. Holdsworth said that the Zipper allows Operations to get resurfacing done in one day, as opposed to six days before they had the machine, and it does not cost much more than the initial purchase of the machine, because it is recycling what is already present.

Councillor Cain said that she understands that the Zipper needs to be used on lesser traffic areas, but asked if it would be able to be used on smaller streets such as cul-de-sacs. Mr. Holdsworth answered that the machine can be used on streets, but not major roads, and it has to be asphalt. He said that areas of 100 to 200 feet can be resurfaced with the Zipper.

Councillor Mahern said that he has heard a lot about how useful the Zipper is and believes that it is most beneficial to areas that are behind in infrastructure, such as old city limits. He asked if there are less employee injuries with the use of the Zipper. Mr. Holdsworth said that has not been studied, as the machine has only been used for the past two months. He said that there is still manual work with use of the Zipper, but it is completed sooner. However, he does not believe that there will be much change in the number of injuries.

Councillor Moriarty Adams commended Mr. Holdsworth and Mr. Method, and thanked John Workman and Bill Scott for being very helpful to her in her district. She asked if street sweeps are being done. Mr. Holdsworth answered in the negative, and stated that DPW is doing thoroughfare sweeping, because that is where debris is getting into the sewers. He said that residential sweeping was eliminated about three years ago. Councillor Moriarty Adams asked that Operations give her a call if street sweeping ever started back up.

In reference to slide 28, Mr. Method said that decals are put onto storm drains by community groups to raise awareness of how anything put into a storm drain comes out into a creek or a river. Mr. Holdsworth said that DPW is always looking for ways to educate people about solid waste reduction and recycling. He said that they work with schools of all levels. Their Snow Plow Palooza program involves having all the trucks downtown, so that people can see what they are and what they do. The Touch-a-Truck program involves taking the trucks to schools and letting the children climb safely on them while explaining what the department does.

Mr. Holdsworth said that Operations is looking to improve technology for the safety of their drivers. There is an Automated Vehicle Locator System (AVL) that lets the department know where the trucks are and will allow for more efficient routing of the trucks for more fuel efficiency.

Policy and Planning (Department of Public Works, pgs. 7-10)

Mr. Method discussed slides 29 through 32 of Exhibit C. He said that the Policy and Planning Division includes Strategic Planning, Office of Environmental Services (OES), and Financial Management. In reference to slide 30, Mr. Method said that DPW is planning to implement its Central Indiana Clean Air Partnership (CICAP) program next year, which involves working with businesses to help improve air quality. He said that the Green Infrastructure Manual involves working with developments across the county to encourage the use of natural processes as a stormwater manager rather than simply using detention ponds. Mr. Method said that DPW is excited about the Indy GreenPrint program that the Mayor launched in May 2007, as detailed in slide 31. He said that DPW has a huge role to play in the action plans for Indy GreenPrint. In trying to reduce the City's overall energy usage, an Energy Conservation Policy has been put in place for all city government, as well as with the City Facility Managers. An anti-idling policy and mandatory recycling program have also been put into place for all city government. He said that DPW will also be performing some auditing of its wastewater treatment facilities and exploring options for reducing energy usage or using alternative energy sources. Mr. Method said that DPW will be working with DMD on "Green Buildings" to reduce energy usage, because buildings are the largest of the city's energy-using instruments.

In reference to slide 32, Mr. Method said that DPW is going to make an extra effort to have materials available in multiple languages, and the Policy and Planning Division continuously looks for ways to reduce overall spending or provide additional revenue sources.

Michael Williams, Chief Financial Officer, DPW, discussed slides 33 through 47 of Exhibit C. Mr. Williams recognized some members of his staff and the partnerships DPW Finance has with the OFM. In reference to slide 33, Mr. Williams said that \$195,000 million for CIPs is included in the overall DPW program. Mr. Williams said that slide 34 reflects a total of 679 Full Time Equivalents (FTEs), but page 23 in the budget book indicates 680.5 FTEs. He said that the budget book is incorrect, but DPW will work with the OFM to correct it. He said that the increase in Fleet Services is due to the merger with the Warren Township Fire Department. Mr. Williams said that the graph details the changes in FTEs from 2003 to 2008, resulting in an overall decrease of 30.75 FTEs in traditional DPW services. However, the graph indicates an increase in FTEs since Fleet Services joined DPW in 2006.

In reference to slide 35, Mr. Williams said that the revenues used to support DPW primarily come from charges for services via sewer user fees, stormwater fees, solid waste fees, parking meter fees, inter-governmental fees such as the gas tax, transportation, federal and state grants, and intra-governmental fees such as charge-backs to other agencies. Mr. Williams said that DPW has surprisingly low revenue from property tax, but there is some Cumulative Fund capital money which is about 3% of the budget that is property-tax supported and goes to transportation and capital improvements. He said that a portion of the tax rate also goes toward solid waste collections, which accounts for about 15% of DPW's budget. Mr. Menon said that the 15% comes out of DPW's budget, and not from property tax revenues.

Mr. Williams said that the top, lighter portion of the graphs on slide 36 are things that are non-traditional DPW spending. He said that in 2003, there was a total budget of less than \$65 million, but \$8.7 million went to IndyGo for public mass transit due to a legislative change. He said that the darker portion of the graphs indicate the change in budgets. In 2006, the top portion represents the addition of

Fleet Services. Mr. Williams said that this slide reflects that there has only been a 2.1% or \$3 million increase in DPW's budget for traditional services over the last five years.

Councillor Mansfield commented that the increase in DPW's budget affects constituents directly, because it is for increased services to the citizens and asked if it is also related to increased fees. Mr. Menon answered in the affirmative and stated that DPW is a basic service provider and tries to use the user fee funded programs to provide those services, which has been the source for funding DPW's increases. He said that the 30.75 positions that were cut were not due to the lack of work; that work has simply been absorbed by other staff. Mr. Menon said that DPW tries to internalize budget cuts as much as possible in an effort to continue to provide the necessary services to citizens. Councillor Mahern said that consideration should also be given to the astronomical increase in fuel prices from 2003 to 2008.

Mr. Williams said that DPW has also experienced substantial increases in products and services as listed in slide 37. He said that DPW has been able to do a lot with an increase of less than 3%. Mr. Williams said that slides 38 through 41 are tied to pages three to six in the budget book, reflecting the changes from the 2007 budget to the proposed 2008 budget. In reference to slide 38 and page three of the budget book, there is a 2.8% increase in Character 01. Mr. Williams said that he inadvertently left some increases in Character 01, but he would propose to leave the increases in until it has been determined if there are budget increases available for bi-weekly, contracted employees. He said that there is a 5% increase in Character 02, which includes supplies such as fuel and salt and construction materials such as guard rails, signs and other materials. He said that this includes a \$570,000 increase in fuel and additional repair parts. Mr. Williams said that the largest part of DPW's budget is Character 03 (also referenced on pages four and five of the budget book), which includes operating and management contracts for the plants, solid waste and the major services that are provided. He said that there is a 4% increase in the Character 03 portion of the budget. Mr. Williams said that Character 04 is primarily capital projects that are handled by the Engineering Division, of which there is not much change. He explained that Character 05 (also referenced on page six of the budget book) is internal services, and the numbers look as though they are negative with a positive difference. He said that DPW pays out internal charges for services that are provided to the department, which are reflected as positive numbers in the budget, but the negative numbers reflect money that is received by the department. Mr. Williams said that Line Item 550 of Character 05, Internal Departmental Charges, reflects a decrease of \$2.9 million due to the amount that DPW was paying out to Animal Care and Control that has been deducted from DPW's budget. Mr. Clifford added that Animal Care and Control is still being funded, but not through the Solid Waste Division. Mr. Williams said that the budget book shows an overall increase of \$3.9 million or 2.5%. He said that the pie graph on slide 39 shows the percentage distribution of the dollars by Character and attempts to illustrate that with a traditional budget, as proposed, approximately 20% of the budget goes to salaries to drive the program. He said that this 20% does not include the major portion of the CIP that comes through the bonds, grants, etc. He said that when those things are included, Character 01 becomes only 10% of the budget, and services and projects become approximately 81% (as reflected on slide 40). He said that this reiterates that most of the money collected goes into services provided by DPW.

[Clerk's note: Councillor Moriarty Adams left at this time, 6:40 p.m.]

Mr. Williams said that slide 41 reflects the cost projection of the Capital Improvements Program over the next several years by infrastructure category. He said that the numbers fluctuate based on the availability of funding. Mr. Williams said that sanitary continues to increase due to the Long Term

Control Plan. Councillor Mansfield commented that the increase is so large in 2008 because the rates have finally been addressed, but stated that the rates are still some of the lowest in the state and in other comparable cities. She said that rates increase so that the needs of communities can be met. Mr. Clifford asked if the graph reflects when the money is spent or when it is requested by the Council. Mr. Williams answered that it reflects when the money is spent.

Mr. Williams said that slides 42 through 47 break down the budget changes by Character. Councillor Cain asked Mr. Williams to explain the Employee Assistance item displayed on slide 42. Mr. Williams said that the Employee Assistance Program (EAP) is for services such as counseling and wellness programs for employees. Mr. Williams said that most of the changes in Character 02 are due to increases that are occurring in Fleet Services. He explained that Institutional Supplies (as listed on slide 43) are for thirst quenchers and supplies for the employees that are on the streets, especially in extreme weather. Mr. Williams said that Character 02 is very rarely increased.

Councillor Mahern said that year-to-date overtime and what is proposed for the 2008 budget significantly differ. He asked what DPW's plan is to decrease overtime. Mr. Williams said that the majority of the year-to-date increase happened during the first three months of the year, in which Fleet and operational crews handled the snow efforts. He said that time decreases over the course of the year, and DPW works with OFM on keeping track of Character 01 spending. Mr. Menon reiterated that snow is the driver on most of the overtime costs, and the costs are controlled as much as possible through the remainder of the year, sometimes by hiring delays. Councillor Mahern asked if last winter was significantly worse than past winters. Mr. Menon answered in the affirmative. Councillor Mahern asked if the proposed amount for overtime is based on a more mild or "typical" winter. Mr. Menon answered in the affirmative. Mr. Williams said that if there are days during the winter that are declared snow emergencies, DPW can apply for reimbursement. That happened during February of this year, and DPW just received a reimbursement check from FEMA for \$870,000, which will be put into Character 01 after appropriation approval from the Council.

Councillor Cain asked why group insurance is being increased by 10%. Mr. Clifford answered that the City has been averaging a yearly increase of over 10% for the last three or four years, so OFM has asked all departments to budget an additional 10%. However, there is no increase this year, because Human Resources did a great job with negotiating the contracts with the insurance providers. He said that the 10% increase will likely be left in DPW's budget to cover some other issues with the AFSCME contract that will need to be funded. However, a fiscal resolution has not yet been brought before the Council.

Councillor Mahern asked what kind of programs DPW has for employees that are on worker's compensation (comp), as he understands that DPW makes an extended effort to find tasks for those employees to do during that time. Mr. Menon said that DPW's area with the greatest worker's comp issues used to be Solid Waste, because the nature of the job was to lift approximately ten bags per home from 1,000 homes every day. He said that about four years ago, DPW started moving to the 96-gallon carts that uses the automated one-arm bandit that picks up the carts to empty them. This resulted in a 75% reduction in worker's comp claims among Solid Waste employees. Mr. Menon said that DPW has not had the opportunity to implement the carts in the entire city. He said that the pot hole patching and asphaltting also tend to increase injuries, but DPW staff conducts a training program that teaches safe and effective work methods. He said that when someone gets injured, DPW has a light duty program, where people continue performing job functions such as office filing, typing, or

anything productive. He said that this program has helped many people continue working with the City while healing, who later return to their usual position.

Councillor Mahern asked how many 96-gallon carts will be placed within the next year. Mr. Menon said that DPW has budgeted approximately \$400,000 each year for the purchase of the carts for the last few years, and they had a great contract for purchasing the carts at \$36.25 per cart, which included shipping, delivery, assembly and deployment into homes. He said that contract expires this year and cannot be extended; therefore, the price per cart will increase. Mr. Menon said that DPW is trying to purchase as many carts as possible as quickly as possible before the end of the year. He said that the same amount will be budgeted next year, but because of the price increase, he is unaware of how many DPW will be able to purchase. Mr. Menon said that currently there are 60,000 carts, deployed and there are an additional 55,000 to 60,000 more to be deployed within the DPW district alone. He said that it will take another two or three years, unless there is a sudden infusion of cash made available. Councillor Cain asked if homeowners have been asked to participate in buying the carts from the city. Mr. Menon said that DPW is exploring that option with the private-sector haulers, as their contract with DPW allows private haulers to buy the carts and amortize the cost over a five to eight-year time period. However, DPW is trying to purchase as many carts as possible for its area, which is the core of the city, and find alternate financing options. Mr. Menon added that for every 4,000 carts purchased, a new automated truck has to also be purchased, because the old trucks do not work with the carts.

Mr. Williams said that the change in Engineering Services in Character 03 is due to DPW's intent to enter a contractual relationship with the Marion County Soil and Water Conservation District (MCSWCD), which has previously been funded by the County. Mr. Method is working with the group to develop a Memorandum of Understanding (MOU) for contracting of the group's expertise. Mr. Williams said that the changes also include a feasibility study for IFS looking at the functionality of their current buildings and added responsibility due to the mergers. He said that the increase in Technical Services reflects the Wrecker contract primarily for Fleet Services. The Operations and Management Contracts have the largest increase because of the new contracts for the start of the AWT and collection system for next year, of which \$1.3 million is due to the transfer of the infrastructure and maintenance, which is a large diameter sewer cleaning. The \$1.3 million is also reflected on the decrease side on slide 44. Councillor Mansfield asked Mr. Williams to further explain the large increase for contracts. Mr. Williams said that most of the increases in DPW over the last several years were largely due to contractual obligations for the wastewater treatment plants and the sewer collection system, and this particular increase reflects the increased cost of those contracts. Councillor Mansfield asked if the increases are due to infrastructure improvements. Mr. Williams answered in the affirmative.

Councillor Cain said that she met with Glen Lang with the MCSWCD on neighborhood issues, and there was mention of an additional employee to go out into the fields. She asked if the additional employee has been addressed. Mr. Menon said that the MCSWCD is funded by DPW, but is not managed by DPW. However, Mr. Method has been working with them to see about a possible partnership, but MCSWCD presented an MOU to DPW stating that they will continue to operate at the same level of funding as last year, while continuing to look at alternate sources of funding.

Mr. Williams said that the increase in Water Collection/Disposal is for contractual increases in collecting and hauling solid waste. Councillor Mansfield asked if costs could be controlled more if solid waste was done internally, as opposed to being handled by contractors. Mr. Menon said that a study was completed that indicated that the prices were comparable, except that every time DPW

vehicles go away from the garage, incremental costs are incurred. Therefore, it is more cost effective to use private contractors.

Mr. Williams said that increases in Character 03, Line items 329 and 332, are due to the need for additional expertise in IFS to handle some of their new responsibilities and for additional training in Engineering for the implementation of the long-term control plan. Mr. Williams added that the increase in Building Maintenance/Repair is due to DPW's contractual obligation to maintain the roadway in front of the Motor Speedway and along Crawfordsville Road, of which funding has previously been taken from different areas. He said that the increase in Other Contractual is due to DPW's responsibility to perform 30 years of post-monitoring for Ash Monofil. Mr. Williams said that the decrease in Facility Lease reflects the satisfaction of a debt service on the building in which Fleet Services was housed.

Mr. Williams said that slide 45 does not reflect the largest part of Character 04, which is Capital Improvements, because it did not change. However, the other changes are due to the changes in Fleet Services with respect to newer vehicles and the expiration of lease payments. Mr. Williams said that slide 46 reflects increases in Fleet Services Charges that are not charged back to the City-County agencies, and the decrease in Interdepartmental Charges is due to the transfer of Animal Care and Control to the Public Safety Department. Slide 47 is a summary of all increases and decreases in DPW's 2008 budget. Mr. Menon said that they will do everything possible to keep DPW costs low.

Chair Conley asked what type of maintenance and repairs are needed or anticipated for large-type vehicles. Mr. Menon said that the snow and trash trucks are two of DPW's most expensive pieces of equipment, and both are used the most. He said that trash trucks receive the most wear and tear because they are used daily, but the snow trucks are also used during the rest of the year as dump trucks to help other agencies. He said some of the trucks have problems, such as salt coming out of the sides due to rust, but DPW is looking at newer trucks with stainless steel bodies that do not rust, and DPW will continue to look into those types of things and possibly invest. Mr. Menon said that at some point it becomes too expensive to maintain older vehicles, and investment into newer vehicles must begin. He said that the work can be done more efficiently with newer vehicles. Chair Conley asked if funds for new equipment should be considered in the 2008 budget or in the near future. Mr. Menon answered in the affirmative, and stated that all solid waste trucks also have the ability to be equipped with snow plows in order to ensure that the trucks are two-purpose vehicles.

Councillor Mahern asked what progress is being made with the new facility that will house DPW along with DMD, and what amenities will be available for staff and customers that are not currently available. Mr. Menon said that DPW is moving from their Sherman Drive facility to a different location at 1200 South Madison Avenue. He said that the building is an old existing building, and the move should take place by December 1. Mr. Menon said that the move allows DPW to combine the Engineering, Clean Stream, and Water Services teams into one location and also provides some cost savings. He said that DPW is trying to consolidate their people, because the closer people work, the more they communicate. He said that the department is asking for several "Green" initiatives to be incorporated into the building, such as energy efficient lighting, recycled carpet or carpet with little artificial adhesive, stormwater projects to allow for reduction of stormwater discharges, and "Green space" on the grounds. Councillor Mahern asked if DMD was included in the move in part as an attempt to be more user-friendly for customers. Mr. Menon answered in the affirmative.

Councillor Cain asked if DPW has considered fleet leasing. Mr. Menon said that DPW has looked into leasing as an option, but many of the trucks are used far past their life-span. He said that a lease is not practical for DPW because of the limit on mileage and because of the loss of all initial investment. Mr. Clifford said that some vehicles have been leased in the past for police, fire, and Public Works as a way to get financing caught up, and leasing will probably be the option for the plan of replacements for 2008.

Councillor Vaughn asked if there is a resource within DPW that is designated to finding more areas in which the city can become more efficient by utilizing more public/private partnerships with the community. Mr. Menon answered in the affirmative and stated that one of the key functions for the Strategic Planning group, headed by Victoria Cluck, is to specifically look at those types of options. He said that strategic planning involves finding better, more creative ways to do business.

Mr. Pratt complimented DPW on some of the things that have happened in the last year, such as the thousands of homes that were examined with regard to downspout elimination. He distributed a handout from Dr. Virginia Caine, Executive Director, Marion County Health Department, with regard to exposure to raw sewage (attached as Exhibit D). The handout also highlights issues of failing septic systems, exposure to raw sewage, health hazards, and problems with the West Nile virus. In addition, Mr. Pratt spoke positively about the septic tank elimination initiative and distributed a picture of himself (attached as Exhibit E) that included Mayor Bart Peterson, Chair Conley, and Dr. Caine when the septic tank elimination program began. He said that septic tanks can rationally be eliminated in four to five years, as opposed to the projected 20 years. Mr. Pratt passed around a map of the areas in which septic tanks are still present, some of which are still in the central city. He asked that the bonding be increased to eliminate the human health problem of failing septic tanks.

Pat Andrews, Vice President, Marion County Alliance of Neighborhood Associations (MCANA), asked if the stormwater figures on slide 41 represent the stormwater fees that are included in property taxes, if DPW is the sole recipient of that money, and why that amount went down. Mr. Williams answered that there is money that is used from the money collected, but the majority of stormwater improvement funding is from bonds. He said that there are some locally, fee-funded programs, but the variation illustrated in the slide is due to the increase and decrease of bond money. Ms. Andrews asked if there was \$10 million expected per year from the latest round of stormwater money. Mr. Ray said that the stormwater rate increase will finance about \$38 million of the latest rate increase over a three-year period, 2006 to 2008, but distribution is based upon when the job is bid and how long it takes to complete the job. Ms. Andrews asked where the additional \$10 million per year will go. Mr. Ray answered that funding is broken into two methods, one is Paygo and the other is bonding. He said that approximately \$5 million per year, or \$15 million of the money collected goes toward Paygo, and the remaining balance is bonded over a 20-year period. Mr. Brown added that the initial stormwater rate only covered the flood control debt service that was a tax rate. Therefore, it was decided that all of the money collected would first go toward paying off the debt service. He said that there was approximately \$2 million left over to fund operations that used to be funded from taxes. Mr. Brown said that the first rate that the Council passed eliminated all the tax-supported flood control, and the increase is distributed as Mr. Ray described. He said that another factor that impacted the revenues is that Beech Grove opted out, which caused revenues to decrease. He explained that all revenues go toward the future payments of bonds for the increase, but the increase was not as large as the initial rate. Mr. Clifford added that the appropriations for many of the bond funding projects are made by the Council outside of the annual budget process, so it is likely that additional bonding projects may be seen in 2007, 2008 and 2009 as other bonds roll off or additional revenue becomes available. He said

that consistently from year to year, the budget is initially lower, but additional appropriations are made throughout the year for projects as they are identified and approved by the Council and the Public Works Board. Ms. Andrews asked if those appropriations go through DPW. Mr. Clifford answered in the affirmative.

Conclusion

With no further business pending, and upon motion duly made, the Public Works Committee of the City-County Council was adjourned at 7:45 p.m.

Respectfully Submitted,

Lonnell Conley, Chair

LC/nsm